

**INDIANA HOUSING AND COMMUNITY DEVELOPMENT AUTHORITY  
AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009  
SECTION 1602 TAX CREDIT EXCHANGE PROGRAM  
SECURITY AGREEMENT**

The undersigned, [BORROWER] organized and existing under the laws of the State of Indiana, (“Debtor”), grants to the **INDIANA HOUSING AND COMMUNITY DEVELOPMENT AUTHORITY**, a public body corporate and politic of the State of Indiana (“IHCDA”), as administrator of the Section 1602 Tax Credit Exchange Program authorized by the American Recovery and Reinvestment Act of 2009 (the “ARRA”), a continuing security interest in all fixtures, furnishings, furniture, equipment, accounts, contract rights, leases, and other personal property owned by Debtor at any time located on or used in connection with the development of the property described on Exhibit A attached hereto (the “Real Estate”), together with all items and property described in Exhibit B, attached hereto including all replacement and after-acquired property, accessions, accessories, all deposit accounts, including, without limitation, the operating reserve account, and proceeds, including tort claims and insurance and the proceeds therefrom (collectively the “Collateral”). All capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Loan Agreement.

1. Performance and Obligations Secured. This security interest is given as security, in addition to a mortgage made concurrently and delivered herewith to IHCDA on the Real Estate (the “Mortgage”), to secure (a) the payment of a debt created pursuant to a loan agreement dated \_\_\_\_\_, 20\_\_ and executed by Debtor and IHCDA (the “Loan Agreement”) in the original principal amount of **[Written Dollar Amount] and 00/100 Dollars (\$[Dollar Amount])**, as, when, and in the manner set forth in the Mortgage and in a certain promissory note dated \_\_\_\_\_, 20\_\_ (the “Note”) and (b) any obligation or liabilities, direct or indirect, absolute or contingent now existing or hereafter arising from Debtor to IHCDA in connection therewith (collectively the “Obligations”), all without relief from valuation and appraisal laws and with reasonable attorneys’ fees and all costs of collection. Any default under any of the instruments evidencing or securing the Obligations of Debtor shall also constitute a default under this Security Agreement. Some of the Collateral may become, or is already, affixed to the Real Estate, and Debtor is owner of the Real Estate.

2. Representations, Warranties and Covenants. Debtor hereby warrants, represents and covenants that: (a) Debtor shall pay the Note and all Obligations to IHCDA; (b) the Collateral has been

**THIS INSTRUMENT SECURES A ZERO (0) INTEREST RATE OR OTHER SUBSIDIZED  
LOW RATE LOAN SUBJECT TO I.C. § 24-9-3-2**

or will be acquired for business use only and will be security for the Obligations, and any and all further advances that may be made by IHCD A to Debtor during the term of this Security Agreement, equal with and to the same extent as monies originally advanced; (c) at Debtor's own expense, Debtor shall secure and maintain all insurance required under this Security Agreement; (d) Debtor shall provide any information that IHCD A may reasonably request, and shall permit IHCD A to inspect and copy Debtor's books and records; (e) the Collateral is fully paid for or will be fully paid for in a timely manner and Debtor is, and as to portions of the Collateral to be acquired after the date hereof will be, the sole and lawful owner of the Collateral free and clear from any adverse lien, security interest, encumbrances or adverse claim of any kind whatsoever; (f) the security interest granted herein to IHCD A constitutes a **[first or second]** lien; (g) the Collateral shall continue to be free from all pledges, liens, encumbrances, and security interests or other claims in favor of others which are prior to the security interest herein granted to IHCD A except as otherwise authorized in advance by IHCD A, and Debtor shall warrant, and, at IHCD A's request, defend the same from all such claims and demands of all persons; (h) no financing statement or lien instrument covering any portion of the Collateral has been or will be executed, recorded or filed in favor of anyone other than IHCD A, except as otherwise authorized in advance by IHCD A; (i) the Collateral is not, and shall not be used or bought for personal, family or household purposes nor for use in farming operations; (j) Debtor's name and address are as stated herein, and that Debtor shall give IHCD A thirty (30) days' prior written notice of any change in either its name or its address, and of any other change which could affect the priority of its security interest; (k) Debtor shall, upon demand, furnish to IHCD A such further information and shall execute and deliver to IHCD A such financing and continuation statements and other papers, and shall do all such acts as IHCD A may at any time or from time to time request in order to establish and maintain a perfected security interest in the Collateral (Debtor hereby authorizes and appoints IHCD A as its attorney-in-fact to execute and file on its behalf financing statements relating to the Collateral); (l) Debtor shall not sell, offer to sell, or otherwise transfer the Collateral, or any interest in the Collateral, without the prior written consent of IHCD A; (m) Debtor shall keep the Collateral in good repair and shall not permit the Collateral or any part thereof to be wasted or destroyed without promptly repairing or replacing the same at its expense; (n) Debtor shall not permit the Collateral to be removed from the premises, except temporarily for repairs or in consequence of replacement; and shall not use the Collateral in violation of any statute, ordinance or other applicable law; and (o) Debtor shall promptly pay, as they become due and payable all taxes, assessments and other charges validly assessed or imposed upon the Collateral.

3. Continuing Security Interest/Possession. The security interest herein granted shall continue until full performance by Debtor of all conditions and obligations hereunder. Debtor shall be entitled to possession of the Collateral until the occurrence of a default hereunder, as set forth in Section 6.

4. Insurance. Debtor shall fully insure the Collateral, for the benefit of both IHCD A and Debtor for coverages, endorsements and in amounts as may be required by IHCD A from time to time, including commercial general liability coverage insuring against all claims for bodily injury, death, or property damage occurring on or about the Real Estate and all other insurance coverage and endorsements required by IHCD A from time to time, including, flood hazards, workers' compensation, and differences in conditions, business interruption, and loss of "rental value." Each insurance policy shall contain a lender's loss payable endorsement satisfactory to IHCD A and a prohibition against cancellation or amendment of the policy or removal of IHCD A as loss payee without at least thirty (30) days prior written notice to IHCD A. Prior to or concurrently with the Closing, IHCD A shall receive evidence of sufficient insurance coverage and the endorsements thereto as required under this subsection, together with receipts evidencing payment of the first year's premiums, which are acceptable to IHCD A as to form, coverage, amount, insurers and re-insurers. If the Collateral is damaged or destroyed in any manner, any insurance or other receipts compensating for such loss shall be payable to IHCD A which

may, at its option, apply such proceeds either to the payment of any indebtedness then owed by Debtor to IHCD, or at the option of IHCD may be used for the replacement or repair of any such collateral.

5. Advancement. If Debtor does not discharge taxes and other liens, assessments, encumbrances or charges at any time levied or placed on the Collateral or does not pay premiums for insurance on the Collateral before any of such charges become delinquent, IHCD may, at its discretion, pay such charges or insurance after notice to Debtor and an opportunity to cure. IHCD may, at its discretion, order and pay for the repair, maintenance and preservation of the Collateral. Upon demand, Debtor shall reimburse IHCD for any payment made or expense (including attorneys' fees and legal expenses) incurred by IHCD pursuant to the foregoing authorization, together with interest on the amount of such payment or expense computed at the Default Rate set forth in the Note from date of payment. Notice of acceptance of this Security Agreement by IHCD is waived by Debtor.

6. Events of Default. Time is of the essence of this Agreement.

(a) Monetary Default. The occurrence of a Monetary Default (as defined in the Loan Agreement) under the Loan Agreement shall constitute a "Monetary Default" under the terms of this Agreement.

(b) Non-Monetary Default. The occurrence of any one of the following shall constitute a "Non-Monetary Default" under this Agreement:

(i) The nonperformance of Debtor or of any warranty or covenant under this Security Agreement.

(ii) The occurrence of any Non-Monetary Default under the Loan Agreement.

(iii) Any warranty, representation or statement made or furnished to IHCD by or on behalf of Debtor that proves to have been false in any respect material to IHCD when made or furnished.

(iv) Loss, theft, substantial damage, destruction, sale or encumbrance to or of all or any substantial portion of the Collateral, or the making of any levy, seizure, or attachment of or on the Collateral, except as otherwise allowed under this Agreement.

7. Remedies.

(a) For Monetary Default. Upon the occurrence of a Monetary Default pursuant to Section 6(a) of this Agreement, IHCD, at its option, may immediately exercise any one or more of the rights and remedies available to it for a Monetary Default pursuant to Section 8.02(a) of the Loan Agreement.

Insofar as permitted by law, IHCD may treat the Collateral as a part of the Real Estate encumbered by the Mortgage and may deal with the same as a part of the Real Estate. However, this instrument does not classify as personal property any fixture or property which becomes so affixed to the Real Estate as to be covered by and subject to the terms of the Mortgage.

Debtor shall apply to the debt secured by this instrument any proceeds it realizes from the Collateral, including insurance and tort claims with respect thereto. The security interest

continues both in the Collateral and in such proceeds until released or terminated. Authority of Debtor to transfer Collateral free of IHCDAs interest, settle insurance or tort claims with respect to the Collateral, or to transfer Collateral without constituting an event of default shall not be inferred from the fact that this instrument covers such proceeds, and such authority is not granted by this instrument. Cash proceeds, including proceeds received from tort or insurance claims, at the option of IHCDAs, may be applied *pro tanto* in satisfaction of the debt secured by this instrument with either partial acceleration or total acceleration, or may be expended for repairs or replacement of the Collateral with either no acceleration or total acceleration.

Upon default, Debtor consents to the appointment of a Receiver after a hearing preceded by at least five (5) days' written notice. Debtor also acknowledges the appropriateness of a temporary restraining order if it ever permits Collateral to be physically removed from the Real Estate without the substitution of other Collateral of at least equal value.

After the occurrence of a Monetary Default, Debtor agrees to and it hereby does release and hold harmless IHCDAs from any and all claims arising out of the lawful repossession of the Collateral. All rights and remedies of IHCDAs herein specified are cumulative and are in addition to, not in limitation of, any rights and remedies which IHCDAs may have by law. Debtor acknowledges the commercial reasonableness of any public or private sale or lease of the Collateral or any part thereof if it is preceded by seven (7) days' written notice.

(b) For Non-Monetary Default. Upon the occurrence of a Non-Monetary Default Section 6(b) of this Agreement, IHCDAs, at its option, may immediately exercise any and all rights and remedies available to it for a Non-Monetary Default pursuant to Section 8.02(b) of the Loan Agreement.

(c) **[Non-Recourse. In any action or proceeding brought under this Agreement or the indebtedness evidenced by the Note, no deficiency or other money judgment shall be enforced against Debtor or its owners, personally, the indebtedness evidenced by the Note constituting a nonrecourse obligation, except that foreclosure actions (or similar proceedings) may be maintained. However, any judgment obtained shall be enforced only against the security for the Note or the indebtedness evidenced thereby, provided that nothing contained herein shall be deemed to prejudice the rights of IHCDAs to recover from Debtor all funds, damages or costs (including, without limitation, attorneys' fees) incurred by IHCDAs as a result of fraud or material misrepresentation by or on behalf of Debtor.]**  
**[USE ONLY WHERE THERE IS AN EQUITY INVESTOR]**

8. Transfer/Assignment. No transfer, renewal, extension or assignment of this instrument, the obligation secured or any interest hereunder, and no loss, damage or destruction of the Collateral, and no taking of security in other collateral, shall release Debtor from this instrument or the obligations secured hereunder. All rights of IHCDAs hereunder shall inure to the benefit of its successors and assigns, and all obligations of Debtor shall bind its successors and assigns.

9. Notice. All notices pursuant to this Agreement shall be in writing and shall be deemed to have been sufficiently given or served for all purposes when presented personally or sent by certified United States mail, addressed to:

Debtor: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

IHCDA: Indiana Housing and Community Development Authority  
30 S. Meridian Street, Suite 1000  
Indianapolis, IN 46204  
Attention: General Counsel

or at such other place as either party may, by notice in writing, designate as a place for service of notice.

10. Choice of Law and Venue. This instrument shall be construed according to the laws of the State of Indiana, and any and all disputes hereunder shall be litigated in courts located in Marion County in the State of Indiana.

11. Waiver. No waiver by IHCDA of any default shall operate as a waiver of any other default or of the same default on a future occasion. No delay on the part of IHCDA in the exercise of any right or remedy shall operate as a waiver, no single or partial exercise by IHCDA of any right or remedy shall preclude any other exercise of it or the exercise of any other right or remedy, and no waiver or indulgence by IHCDA of any default shall be effective unless in writing and signed by IHCDA, nor shall a waiver on one occasion be construed as a waiver of that right on any future occasion.

12. Financing Statement. A carbon, photographic or other reproduction of this Agreement is sufficient, and can be filed as a financing statement. IHCDA is irrevocably appointed Debtor's attorney-in-fact and authorized to execute any financing statement on Debtor's behalf covering the Collateral.

13. Waiver of Jury Trial. DEBTOR AND IHCDA, AFTER CONSULTING OR HAVING HAD THE OPPORTUNITY TO CONSULT WITH COUNSEL, KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT THEY MAY HAVE TO A TRIAL BY JURY IN ANY LITIGATION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY RELATED INSTRUMENT OR AGREEMENT, OR ANY OF THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, OR ANY COURSE OF CONDUCT, DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN), OR ACTIONS BY AND BETWEEN DEBTOR AND IHCDA. DEBTOR AND IHCDA SHALL NOT SEEK TO CONSOLIDATE, BY COUNTERCLAIM OR OTHERWISE, ANY ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED.

*(Remainder of page intentionally left blank.)*

**NON-COLLUSION AND ACCEPTANCE**

The undersigned attests, subject to the penalties for perjury that he/she is the properly authorized representative, agent, member or officer of Debtor that he/she has not, nor has any other member, employee, representative, agent or officer of Debtor, as applicable, directly or indirectly, to the best of the undersigned's knowledge, entered into or offered to enter into any combination, collusion or agreement to receive or pay, and that he/she has not received or paid, any sum of money or other consideration for the execution of this Agreement other than that which appears upon the face of this Agreement.

IN WITNESS WHEREOF, Debtor, through its duly authorized representative, entered into this Agreement. Debtor, having read and understood the foregoing terms of this Agreement, does by its signature dated below hereby agree to the terms thereof.

"Debtor"

**[Debtor],**  
organized and existing under the laws of the State of Indiana

By: \_\_\_\_\_

Printed: \_\_\_\_\_

Title: \_\_\_\_\_

STATE OF INDIANA )  
 ) SS:  
COUNTY OF \_\_\_\_\_ )

Before me, a Notary Public in and for said County and State, personally appeared \_\_\_\_\_ the \_\_\_\_\_ of \_\_\_\_\_, who, being first duly sworn, acknowledged execution of the foregoing Security Agreement in such capacity as its voluntary act and deed.

Witness my hand and Notarial Seal this \_\_\_ day of \_\_\_\_\_, 20\_\_.

My Commission Expires:

\_\_\_\_\_  
Notary Public

My County of Residence:

\_\_\_\_\_  
Printed Name

This instrument was prepared by Deborah K. Hepler (Atty. #18003-49), General Counsel, Indiana Housing and Community Development Authority, 30 South Meridian Street, Suite 1000, Indianapolis, IN 46204 (317) 232-7777.

I affirm, under the penalties for perjury, that I have taken reasonable care to redact each Social Security number in this document, if any, unless required by law: /s/ \_\_\_\_\_

1471299\_5; BME; 09/21/09

**EXHIBIT A**

LEGAL DESCRIPTION



**EXHIBIT B****COLLATERAL DESCRIPTION**

The Collateral referred to in this Security Agreement consists of a continuing security interest in all fixtures, furnishings, furniture, equipment, accounts, contract rights, leases and other personal property owned by Debtor at any time as described below, including all replacements and after-acquired property, accessions, accessories, and proceeds, including tort claims and insurance and the proceeds from the following described property, together any other personal property and equipment, of whatever nature or kind, now owned or subsequently acquired by Debtor, including all additions, substitutions, accessions, repairs, replacements and additions thereto (including the proceeds of insurance and/or sales thereof), whether installed, affixed, attached, kept or situated on, to or at the Real Estate and improvements, or in the construction thereof, and such collateral includes but is not limited to:

1. All construction materials, supplies, lumber and all other materials or equipment delivered to any premises or the Real Estate for incorporation or use in any construction at any time being conducted thereon.
2. All fixtures, fittings, furniture, furnishings, appliances, apparatus, equipment, and machinery, including without limitation, all gas and electric fixtures, radiators, heaters, engines and machinery, boilers, ranges, ovens, elevators and motors, bathtubs, sinks, water closets, basins, pipes, faucets and other air conditioning, plumbing and heating fixtures, mirrors, mantles, refrigerating plant, refrigerators, iceboxes, dishwashers, carpeting, furniture, laundry equipment, cooking apparatus and appurtenances now or hereafter delivered to the Real Estate and intended to be installed therein; all other fixtures and personal property of Debtor of whatever kind and nature at present contained in or hereafter placed in any building standing on the Real Estate.
3. All of Debtor's interest in the following with respect to the Real Estate:
  - A. All existing and future leases, rents, issues and profits and all security deposits from tenants, lessees or other space-occupiers;
  - B. All contracts and agreements providing for the sale of all or any part of the Real Estate.
  - C. All policies of insurance and all proceeds, loss payable clauses and premium refunds and all claims relating to the Real Estate;
  - D. All operating or management or supervision agreements;
  - E. All reciprocal easement agreements;
  - F. All contracts with builders and/or material suppliers; all plans and specifications;
  - G. Any balance of the deposit account or accounts of Debtor with IHCD A existing from time to time and all property of Debtor coming into the hands of or under the control of IHCD A in any way or in transit to or from IHCD A;
  - H. Any and all awards or payments including interest thereon which may be made with respect to the Collateral and Real Estate as a result of the exercise of the right of

eminent domain, the alteration of any streets or roads and any other damage or injury to or decrease in the value of the Real Estate.

- I. All building and use permits issued by any governmental agency;
  - J. All income, rents, issues, profits and proceeds from the Real Estate, subject however to the right, power and authority conferred upon Debtor and/or IHCD to collect and apply such income, rents, issues, profits and proceeds;
  - K. All of the estate, interest or other claim or demand that Debtor now has or may hereafter acquire in and to the Collateral and Real Estate described herein, including without limitation all deposits made with or other security given to utility companies by Debtor with respect to the Property and the improvements thereon and all advance payments of insurance premiums made by Debtor with respect thereto and claims or demands relating to insurance; and
  - L. Insofar as permitted by applicable law, all licenses, including but not limited to any operating license, contracts, management contracts or agreements, franchise agreements, permits, authorizations or certificates required or used in connection with the ownership of or in the operation or maintenance of the Collateral and Real Estate and any improvements constructed thereon.
4. All proceeds of the conversion, voluntary or involuntary, of any of the foregoing into other property, cash or liquidated claims.